EXHIBIT C

U.S. Securities and Exchange Commission

Day Trading:
Your Dollars at Risk

Day traders rapidly buy and sell stocks throughout the day in the hope that their stocks will continue climbing or falling in value for the seconds to minutes they own the stock, allowing them to lock in quick profits. Day traders usually buy on borrowed money, hoping that they will reap higher profits through leverage, but running the risk of higher losses too.

While day trading is neither illegal nor is it unethical, it can be highly risky. Most individual investors do not have the wealth, the time, or the temperament to make money and to sustain the devastating losses that day trading can bring.

Here are some of the facts that every investor should know about day trading:

- **Be prepared to suffer severe financial losses**

  Day traders typically suffer severe financial losses in their first months of trading, and many never graduate to profit-making status. Given these outcomes, it's clear: day traders should only risk money they can afford to lose. They should never use money they will need for daily living expenses, retirement, take out a second mortgage, or use their student loan money for day trading.

- **Day traders do not "invest"**

  Day traders sit in front of computer screens and look for a stock that is either moving up or down in value. They want to ride the momentum of the stock and get out of the stock before it changes course. They do not know for certain how the stock will move, they are hoping that it will move in one direction, either up or down in value. True day traders do not own any stocks overnight because of the extreme risk that prices will change radically from one day to the next, leading to large losses.

- **Day trading is an extremely stressful and expensive full-time job**

  Day traders must watch the market continuously during the day at their computer terminals. It's extremely difficult and demands great concentration to watch dozens of ticker quotes and price fluctuations to spot market trends. Day traders also have high expenses, paying their firms large amounts in commissions, for training, and for computers. Any day trader should know up front how much they need to make to cover expenses and break even.

- **Day traders depend heavily on borrowing money or buying stocks on margin**

  Borrowing money to trade in stocks is always a risky business. Day trading strategies demand using the leverage of borrowed money to make profits. This is why many day traders lose all their money and may end up in debt as well. Day traders should understand how margin works, how much time they'll have to meet a margin call, and the potential for getting in over their heads.

- **Don't believe claims of easy profits**

  Don't believe advertising claims that promise quick and sure profits from day trading. Before you start trading with a firm, make sure you know how many clients have lost money and how many have made profits. If the firm does not know, or will not tell you, think twice about the risks you take in the face of ignorance.

- **Watch out for "hot tips" and "expert advice" from newsletters and websites catering to day traders**

  Some websites have sought to profit from day traders by offering them hot tips and stock picks for a fee. Once again, don't believe any claims that trumpet the easy profits of day trading. Check out these sources thoroughly and ask them if they have been paid to make their recommendations.

- **Remember that "educational" seminars, classes, and books about day trading may not be objective**

  Find out whether a seminar speaker, an instructor teaching a class, or an author of a publication about day trading stands to profit if you start day trading.

- **Check out day trading firms with your state securities regulator**

  Like all broker-dealers, day trading firms must register with the SEC and the states in which they do business. Confirm registration by calling your state securities regulator and at the same time ask if the firm has a record of problems with regulators or their customers. You can find the telephone number for your state securities regulator in the government section of your phone book or by calling the North American Securities Administrators Association at (202) 737-0900. NASAA also provides this information on its website at www.nasaa.org/QuickLinks/ContactYourRegulator.cfm.

http://www.sec.gov/investor/pubs/daytips.htm

U.S. Securities and Exchange Commission

Oral Statement of Chairman Arthur Levitt

Before the Senate Permanent Subcommittee on Investigations, Committee on Governmental Affairs, Concerning Day Trading

September 16, 1999

Chairman Collins, Senator Levin, and Members of the Subcommittee:

Thank you for the opportunity to be here this morning to discuss day trading and its effects on the nation's securities markets. This hearing couldn't be more timely. It seems almost every day we hear one story or another about day trading. As we speak, the Commission is conducting examinations of day trading firms. I'll have more to say about these exams in a moment.

But, let me begin by stating the obvious. Technological developments are revolutionizing our capital markets – from how people invest to how brokers do business to how markets function. Today's individual investor, for example, has ready access to market data, and in some cases markets, that up until a few years ago was available only to securities professionals.

One of the by-products of this revolution has been the emergence of the day trader. Through the use of sophisticated computer software, day traders sit in front of computer screens and look for nothing more than real time price movements. What it is that they are buying or selling is of no concern to them. The coin of the realm for the day trader does not extend beyond volatility. If you sense a stock will rise, buy. If you sense it will fall, sell.

This is the strategy of day trading. It is neither illegal nor is it unethical. But it is highly risky. In recent months, I've been asked more than once why the SEC cares whether a day trader loses his or her money; it's their life and it's their choice.

But that's not the issue. I am concerned that some day traders don't fully understand the level of risk they are assuming. I am concerned that some people may be lured into the false belief that day trading is a surefire strategy to make them rich. And, when individuals are swayed by misleading advertising, the Commission has a duty to act.

That's why we should be focusing on the advertising and marketing practices of many day trading firms. It is in this area that I believe the Commission's partnership with the states is most crucial. A number of states have been leaders in addressing this issue, not only as a matter of securities law, but as a matter of consumer protection.

The NASD also has proposed rules that are designed to address the sales practices of day trading firms. This proposal would require these firms to disclose up front the risks associated with this activity, and to screen potential day traders to determine suitability.

Eliminating deceptive marketing and advertising practices is a big part of the solution. Another is how day trading firms comply with the law. The Commission is in the process of completing an examination sweep of day trading firms. Our preliminary findings indicate that many of these firms have extremely lax compliance practices. The inability of some firms to monitor their adherence with capital, margin, and the short sale rule, or to maintain adequate books and records raises serious concerns. These rules, in many ways, go right to the heart of the integrity of our markets and market participants. The Commission will vigorously pursue any violations of law, and has a number of enforcement investigations underway.

The use of margin, in particular, has raised a number of issues. We have found that many day traders do not fully appreciate that by borrowing to buy securities, they can actually lose substantially more than their initial investment. So when day trading firms aggressively promote the lending of equity between day traders to cover margin deficiencies, I find it troubling. We are reviewing this practice to ensure that firms are following the law and that they fully disclose to customers the risks of trading on margin.

Now, the SEC can regulate and the Congress can legislate all we want. But, if an individual does not take the personal responsibility to be informed of the risks involved in day trading, no rule or law will fully protect him or her. I do not intend to minimize, in any way, the responsibility of the firm to fully disclose the risks involved, but day traders need to take the time to consider what they are getting themselves into.

The SEC will do everything it can to ensure that day trading firms are operating within the boundaries of the law. But, I sincerely hope that individuals considering this type of strategy do their homework before risking their hard-earned money.

Thank you very much.

Read the Chairman's complete written testimony on this issue.

http://www.sec.gov/news/testimony/testarchive/1999/tsty2099.htm

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U.S. Securities and Exchange Commission

Day Trading

Day traders rapidly buy and sell stocks throughout the day in the hope that their stocks will continue climbing or falling in value for the seconds to minutes they own the stock, allowing them to lock in quick profits. Day trading is extremely risky and can result in substantial financial losses in a very short period of time. If you are a day trader, or are thinking about day trading, read our publication, Day Trading: Your Dollars at Risk. We also have warnings and tips about online trading and day trading.

Under the rules of NYSE and NASD, customers who are deemed "pattern day traders" must have at least $25,000 in their accounts and can only trade in margin accounts. For more information, you can read the NASD's Notice to Members and the New York Stock Exchange's Information Memo.

The Connecticut Council on Problem Gambling has a quiz to help you decide if you are gambling in our markets and where to go for help.

http://www.sec.gov/answers/daytrading.htm

We have provided this information as a service to investors. It is neither a legal interpretation nor a statement of SEC policy. If you have questions concerning the meaning or application of a particular law or rule, please consult with an attorney who specializes in securities law.

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